

SCANNING FACTORS AFFECTING COMPARATIVE ADVANTAGE OF AGRICULTURAL COMMODITIES IN PAKISTAN

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ABSTRACT

The present article intends to systematically review the key factors that defines the determinants of agricultural exports across various crop-producing areas of Pakistan. It involves a comprehensive survey through self-administered interviews and questionnaires to different stakeholders like farmers, processors, exporters and administration. The questions were designed across lines of marketing, value addition, production, export, branding and government support and initiatives. The findings reveal that the variables; production, producer price, input prices, export prices, marketing and value addition and government support have a significant positive impact on exports of agricultural commodities in Pakistan.. The current analysis shows that the expansion of agriculture exports is a necessary precondition for the wider development of industry and the economy. Multiple scholarly entities and classes have observed the crucial role of these elements in determining agricultural exports. Government policy makers will have a better understanding of the factors influencing Agri-exports and how they relate to economic growth and trade enhancement of Pakistan.

Keywords: Agricultural exports, Determinant factors, Export led policy.

1. INTRODUCTION

An economy's ability to reach its goals is significantly impacted by the competitiveness of its agricultural products. The proper allocation and use of resources, the promotion of technological advancements and the optimal production of products with judicious use of resources owing to global competition has to be in line with the global market are all outcomes of agricultural commodities export-oriented policies (Glaser & Reisinger, 2022). Agriculture strategy neglects to consider the marketing of agricultural goods, which is crucial for building foreign reserves and reducing trade deficits at the macro level as well as for the farming community (Ahmad et al., 2009). A priority area of policy had never been finding new markets for our competitive goods before

consolidating the related businesses. Making agricultural policy requires legislators to have a solid understanding of not just agriculture but also other related fields including law, political economy, sociology, and the technical aspects of agriculture. Deficient policy formulation, which is blatantly disconnected from the actual situation on the ground, is a reflection of the absence of a recorded economy, the absence of reliable records and data, and the lack of bureaucratic experience (Abbot & Bredahl, 2019).

It is essential for long-term survival in a competitive environment to rely on core capabilities, maintain competitive advantage on some commodities, and target the delicately chosen segment with proper positioning strategy in the

agriculture commodity market (Abdullah et al., 2015). Agribusiness must respond logically to shifting marketing needs, incorporate standards, and adhere to SPS and quarantine regulations. Both are crucial for the establishment of public policies that encourage the spread of competitive agro goods and reduce import costs. The world ranking of major agricultural products exported from Pakistan is impressive on the ranking pedestal but the same is not translated into impressive foreign exchange earnings. (Ali et al., 2020). The ranking of our major exported agricultural commodities is produced as under in the Table 1.1 below:

Table 1.1: Production and ranking of Pakistani agricultural products

Agricultural Products	Production in Million Tons	Ranking in the World
Citrus	2.4	12th
Mango	2.3	5th
Dates	471 thousand tons	6th
Potato	4.6	18th
Onion	2.2	6th
Cotton	4.8	5th
Wheat	25	7th
Sugar Cane	76	5th
Rice	11	10th
Maize	6.3	20th
Meat	4.74	18th

Source: Economic Survey of Pakistan (2023), UN-Comtrade (2022)

The above Table 1.1 clearly indicates that Pakistan has a good potential prospect of agricultural exports in terms of production. However, the same is not transformed into competitive advantage and better returns. The reasons are explored in detail in this research. The significance of determining the distinctiveness of our products and then focusing on the correct market to convey their worth to them has increased due to the constantly shifting economic climate,

rising agricultural-commodity prices, and extending local and global markets (Chowhan et al., 2024). Our agricultural commodities' outstanding value, quality, aroma, texture, and affordable prices are potential source banks for positioning these products in the minds of customers and then maintaining that placement for client retention (Glaser & Reisinger, 2022). The marketing of agricultural commodities differs significantly from the marketing of other commercial commodities due to the obsolescence of manufacturing, seasonal variations of manufacturing capacity, bulkiness of the commodity, fluctuation in quality, anomalous supply, tiny size of holders, dispersed production, and inability of processing (Hoang, 2020). Farmers, intermediaries, processors, exporters, Government officials and policy makers have little knowledge of marketing, positioning and value addition of the products but they are more concerned with input and output prices and incentive schemes covering this (Hussain & Alam, 2020).

The market intelligence and understanding of the stakeholders involved right from production to export of the agricultural commodities and its connection with agricultural trade has not been testified in case of Pakistan. Existing literature estimating competitive advantage only. Comprehensive research needed for providing policy framework valuing the critical marketing element. There is not a single study, which focused on in-depth interviewed/qualitative aspect of factors affecting the trade for agricultural commodities in Pakistan. Numerous experts asserted that Pakistan is blessed with an advantage in the export of a variety of agricultural products but falls short of fully utilizing this advantage in global markets (Hanif & Sultan, 2024) focused on increasing Pakistan's market share in foreign markets of agricultural commodities and is essential for the country's agricultural economy to continue growing. However, there has not been much or any research done to identify the market segments that Pakistan can pursue with a competitive edge. Competitiveness influences how producers, marketers, and traders in agriculture act and serves as a key instrument in creating a dynamic agriculture industry (Zhou & Tong, 2022). The rationale discussed above in conjunction with available literature and problem

statement of the research at hand, following pertinent research, questions are formulated and the answers were sought through collection of primary data and findings afterwards were devised into clear road map and strategy for our groups of agricultural commodities.

1. Do the various categories of agricultural commodities of Pakistan possess comparative advantage?

2. What are the key determinants of competitiveness of agricultural commodities of Pakistan in international markets?

The basis for this research was the dearth of studies on Pakistani agricultural goods competitive advantages. Therefore, the research at hand looks into the overlooked and neglected areas in this particular sector because of the economic, marketing, and integral views of this notion. In order to demonstrate some policy implications for enhancing market orientation and market positioning of our agricultural commodities, the study will be studied within a broad framework. The need to uncover characteristics that limit and enhance the competitiveness of agricultural commodities served as the driving force behind this study.

2. Literature Review

Countries in the world cannot meet all the demands of the customers with their own resources exclusively. Competitiveness is how well the resources are used economically and the demanding goods and services are produced as compared to the competing countries (Zafar, 2020). If the country is able to organize the resources judiciously and can produce the goods and services with optimization of resources then it can also perform well in the international market as well (Ayambila & Tetteh, 2023). The country which is unable to organize optimal production will lose the competitiveness and might have to quit the international trade. It's not only the use of latest technology but economies of scale, cheaper production and specialization in production of certain goods that creates competitiveness. The quality at affordable price is prerequisite for competitiveness (Abbot & Bredahl, 2019).

The idea of competitiveness has gained popularity as a result of globalization and developments in the global economy. The idea of competitiveness is difficult, complex, and open to

many alternative perceptions, much like the comparative advantage principle. Because there is no agreement on what it really means, the topic of competition is becoming contentious. According to (Khan, 2020) one of the main issues is the various definitions of competition that are prevalent in the literature (Dvouletý, & Blažková, 2021). A large body of economic study and policy identifies competitiveness as an economic notion. The idea itself is based on comparative advantage, which occurs when a nation tends to be competitive, and comparative disadvantage, which occurs when a nation demonstrates a noticeably poor degree of competition or is noncompetitive. It appears that maintaining competitiveness in the global world requires the comparative advantages provided by international trade.

The ability of the firms to produce and market supreme quality products of international standards at reasonable and lower prices than the competitors in international market is called international competitiveness (Abbot & Bredahl, 2019). Competitiveness, as defined by the World Economic Forum's Global Competitiveness Report (2014–2015) is "A group of institutions, regulations, and other variables that influence a nation's level of production." According to a report by the European Commission from 2001, competitiveness is defined as "the capacity of firms, sectors, geographic areas, countries, and supranational regional units to generate while simultaneously being exposed to global competition, considerably large income, and strong employment growth" (European Commission (1999). The World Bank today views trade competitiveness as involving more than just export and import performance because of the strong connections that exist between imports and exports as well as cross-border capital and investment flows. Competitiveness is "the extent to which a nation is able to generate under free market circumstances, products and services in accordance with the requirements of international markets, while it simultaneously retains or grows the real income of the inhabitants over the long term. Competitiveness, according to (kousar et al; 2019) is "the potential to confront challenge and to be productive while facing challenges," or "the capability to sell goods that satisfy demand requirements (price, quality, quantity) while at the

same time ensuring profits over time that allow the business to flourish." (Latif et al; 2022) draws attention to the distinction between short- and long-term competitiveness assessment, with both internal and external equilibrium serving as the primary goal of macroeconomic policy in the short term and an increase in labor productivity serving as the primary policy purpose or proxy for long-term competitiveness effectiveness.

Liu and Wang (2022) clarified the difference between competitiveness and comparative advantage very clearly stating that competitiveness is more concerned about the non-price factors and changes in macro-economic variables whereas comparative advantage is about the relative production of the product within the country without considering its performance in the international market. A big portion of agricultural produce is exported and non-price factors, macroeconomic changes and policy distortions have serious connotations, therefore, it is imperative to explore competitive analysis in more detail.

The analysis frequently makes usage of the competitiveness and comparative advantage theories. Mubeen and Quddus (2023) empirically showcased that concentrate on comparative advantage and competitiveness may provide diverse outcomes. However, other scholars consider that these two ideas are interchangeable. While debating whether businesses actually reap the benefits of their comparative advantage and specialize with the help of the national institutions, academics assert that businesses need a competitive advantage.

Competitiveness and comparative advantage have distinct characteristics. The market imbalances are included in the former, but not in the latter. Comparative advantage is by nature structural and evaluated between commodities inside a nation, while competitiveness among nations is quantified as a cross-country divergence in economic growth, and it varies depending on macroeconomic factors (Faris & Akbay, 2019). Additionally, comparative advantage promotes the maximization of welfare, whereas competition promotes the development of private profits. In this rapidly liberalizing universe, a country cannot close the gap with other economies on its own, but doing so can have negative consequences, as evidenced by the interaction of developing economies segregating

themselves from the rest of the world during the 1980s, particularly for small nations. Therefore, in order for countries to profit from the potential presented by lower trade barriers and the simultaneous need to shield itself from the challenges posed from the global economy, competitiveness is essential in each and every sector of the global economy. Either in the industrial and agricultural sectors, competitiveness has arisen as a new idea in economic growth and is crucial for encouraging exports. On the basis of price competitiveness, high-quality products, increasing and proficient technology use, and trade specialization, countries that compete more in the global market will drive (kick out) the non-competing nations from the global trade market (Naveed et al; 2022).

Being competitive in one industry does not necessarily indicate export success in all other industries, and being uncompetitive in one industry does not necessarily indicate that the entire economy is not competitive. Instead, specialization is needed in the industry or in the commodities that have a component of comparative advantage (Putsenteilo et al; 2020). The fact that various nations have advisory groups or specialized government agencies to look at their competitiveness challenges gives an indication of the relevance of competitiveness at present moment. The definition of competitiveness encompasses all trade-related sectors, not only the industrial one. In addition to providing for domestic food needs, agriculture is a major source of foreign exchange, particularly at this period of high global food prices and the challenges with food security that the entire world community is confronting (Rana & Haider, 2021).

The competitiveness of Pakistan's exports of dates, oranges, and mangoes was calculated by Ahmad et al. (2021). The research implemented a series of three-year averages (1995-97, 1998-2000 & 2003-05), to measure Pakistan's competitiveness from 1995 to 2020 using the standard reveal comparative advantage (RCA) method. The study's results showed that Pakistan has a comparative advantage over its rivals in these products, with a greater degree of competition in dates and mangoes. A brief account of the national and regional studies is produced in the Table 2.1 below showing the methodology, data used and conclusion.

Table 2.1: Determinant factors for improving agricultural competitiveness

Title	Author/s	Estimation Technique	Data	Conclusion
Determining factors of Turkey’s export performance: An empirical analysis.	Karagaz (2016)	Two equation model	1980-2010 Secondary (FAO) and Commtrade	Foreign exchange stability, exploring new markets and product line expansion.
Determinants of export performance of SME’s in the Kyrgyz republic	Karymshakov (2020)	Probit Model	2013-2019 primary data Survey method	Quality assurance, FDI and capacity building of the firms is mandatory for increasing export.
Determinants of export supply in Pakistan; A sector wise disaggregated analysis.	Hussain et al (2020)	ARDL method	1980-2010 Secondary FAO , Pakistan Economic Survey	Key factors are increasing domestic demand, cost of production and relative prices.
Determinants of export competitiveness of agricultural products in Malaysia	Liew (2021)	RCA , Blassa Index	1988-2014 Secondary FAO yearbooks	Diversify the product range besides palm and rubber. Bring fruits and vegetables into play. Meeting SPSS & intl. standards.

Source: Author’s Construction

3. Methodology

Analytical studies demand methodical and reasonable analysis techniques. The methodology and sample data source choices are crucial for analyzing, verifying, and describing the correlations among the selected variables. Complete interpretation is required to discover and analyze qualitative and quantitative data (Shirazi & Manap, 2004). The foundation of each scientific investigation is its approach and appropriate analytical techniques. The research approach is as follows, in keeping with the study's goals.

3.1 Categories of Agricultural Commodities

The exports of Pakistan is dominated by primary items and unprocessed products in the international markets (World Bank, 2020). There was not a

single study available covering different categories of the agricultural products. The reviewed literature domestic and international mostly investigated the competitiveness over one or two commodities. Trade performance of the categories of the agricultural products is necessary to get understanding of the true picture of the competitiveness of agricultural sector of Pakistan. The agricultural commodities are classified into different categories and then the crop is selected based on the performance and share of the crop in the agricultural exports of Pakistan. The categories and crop/ product selected for analysis of the competitiveness as given in the objective one of research are recorded as below in the Table 3.1.

Table 3.1: Categorization of agricultural commodities

Categories of Traded Agricultural Products			
Fruits	Citrus	Mango	Dates
Vegetables	Potato	Onion	Cabbages
Cash Crops	Cotton	Rice	Sugar cane
Cereals	Wheat	Millet	Maize
Others	Meat	Dairy	

Source: Author’s construction

3.2 Sampling

The study covers fourteen agricultural commodities. Two provinces contributing major share are selected i.e. Punjab & Sindh. Many domestic studies on the competitiveness of the agricultural products have testified that Punjab and Sindh are responsible for between 70 and 90 percent of the area and production of the chosen crops. Survey method is adopted for testifying the second objective of the study. A very large sample of 1192 participants are selected and the participants are divided into six strata or groups of respondents and further the proportion of respondents under every stratum is subject to its incidence in the population. The data on the determinant factors of the exports of Pakistan is collected from all the respondents to achieve the second objective of the study.

3.3 Sample Design

Field survey comprising of three stages. Stage 1: At the first stage 20 tehsils in Punjab & 10 talukas in Sindh are selected as sample unit where the production and marketing of selected crop is widely executed as supported by literature and data. Stage 2: Villages taken as sample unit 90 villages from Punjab & 45 villages from Sindh selected at random. Stage 3: Farmers, intermediaries, processors & govt/ admin were selected at random

3.4 Proportionate Stratified Random Sample

The study's primary focus is perceptual analysis of all stakeholders regarding the determinant factors responsible for either enhancement or diminishing the exports of the agricultural commodities. The sampling method that best explains the objective two of the study is proportionate stratified random sampling. Stratified random sampling is a technique, which divides the population into sub groups known as strata. Sample from each stratum is proportionate to the size of stratum in population. There are six strata constructed because the respondents are different namely:

1. Farmers
2. Intermediaries
3. Processors
4. Govt. administration officials
5. Exporters
6. Policy makers

The proportion of every stratum is different in the population so they are selected likewise. The detail is given in the Table below.

Table 3.2: Classification of the respondents into different strata

Respondents	Punjab	Sindh	Total
Farmers	532	356	888
Intermediaries	108	72	180
Processors	32	14	46
Govt /Admin Officials	28	12	40
Exporters	18	10	28
Policy Makers	5	5	10
Total	723	469	1192

Source: Author's construction

3.5 Collection of Data

Tool/Instrument used for collection of primary data is questionnaire. The groups of the respondents were questioned using a self-administered questionnaire Self-administered questionnaire (structured & unstructured questions) see appendix A. There was one open-ended question and several closed-ended ones. In order to capture the limiting and enhancing elements impacting competitiveness success, the questionnaire was designed using Porter's (1998) theory for the determinant of competitive advantage as a base. The survey was modified from an ABC survey that was used to conduct a comparable study in South Africa.

Six sections of the questionnaire were used to define the characteristics of comparative advantage (factor, demand, linked and supporting industries, firm's strategy and rivalry, government and chance conditions). Most of the questionnaire's questions or statements asked the responder to select (circle) one from the majority of the questionnaire's questions or statements asked the responder to select (circle) one from list of options or responses. The group of respondents were asked to respond to the open-ended questions with any suggestions/ solutions they thought could be put into practice to boost the competitive success of the Pakistan agriculture sector. To ensure that any open-ended questions would be answered at the time of the interview, the questionnaire was verified after each interview to see if all questions

had responses. For simplicity of analysis, the closed-ended items were coded with numbers in the questionnaire, and Statistical Package of Social Science was used to conduct a quantitative analysis (SPSS). The mean and standard deviation of the data were then displayed. During data quality checks, the open-ended responses were subsequently grouped so they could be summed up for analysis in frequencies and percentages. The data is diverse and rich but for analysis purpose the data is clubbed into five major variables, which are inputs/cost of production, marketing, positioning, govt. support & value addition.

4. Results and Discussion

4.1 Determinant Factors of Competitiveness

The mandate of outlined objective of the research at hand was to investigate in detail the determinant factors of the competitiveness to get an idea that which are the contributing and limiting factors that shape the competitiveness of our agricultural products through primary data. The determinant factors analysis will help policy makers to reconsider the policy and make it more inclusive addressing the core issues of the stakeholders (Tavassoli & Azad, 2021). The perception and understanding of the stakeholder on the policy issue is necessary to analyze to get first-hand knowledge about the key problems, major structural impediments and also the strong areas (Xu & Nam, 2023). A very large sample of 1192 respondents has been selected through proportionate stratified random sampling across Sindh and Punjab in keeping with the relevance and

occurrence of the respondents to get the exact orientation of the respondents on the issues relating the contributing and limiting factors of competitiveness of our agricultural commodities. The respondents were divided into six categories namely farmers, intermediaries, exporters, processors, public administration monitoring and regulating the agricultural marketing sector and policy makers. The cluster of questions has been divided into five different categories namely positioning, government support, value addition, marketing, and inputs. These pertinent cluster questions has been devised after pre testing the questionnaire on 50 respondents from all categories. The response lead to group of questions under the cluster heading. The responses were recorded and primary data then has been clubbed, categorize, and presented in the section below both in graphical and tabular form for appropriate visualization.

4.2 Responsiveness of Farmers on Determinant Factors of Competitiveness in Punjab

Respondents in Punjab are more critical about the high cost of production of the crop believing it the single largest detrimental factor. Value addition, marketing and positioning of the products are very little valued by majority of the respondents. Milk and sugar farmers are better oriented toward marketing relatively. Respondents consider 78% that high input cost must be lowered beside other enabling factor like prices and support from government as shown in Figure 4.1 below.

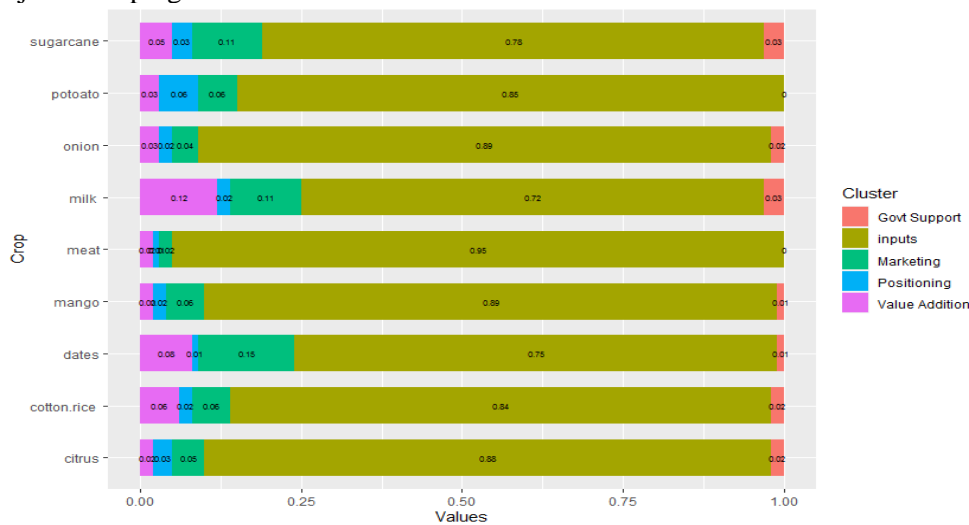


Figure 4.1 Punjab farmer’s understanding of competitiveness

4.3 Responsiveness of Producer on Determinant Factors of Competitiveness in Sindh

Respondents in Sindh are more critical about the high cost of production of the crop believing it the single largest detrimental factor. Value addition, marketing and positioning of the products are very little valued by majority of the

respondents. Potato, mango & onion farmers are better oriented toward marketing relatively as shown in Figure 4.2 below. Respondents consider 84% that high input cost must be lowered beside other enabling factor like prices and support from government.

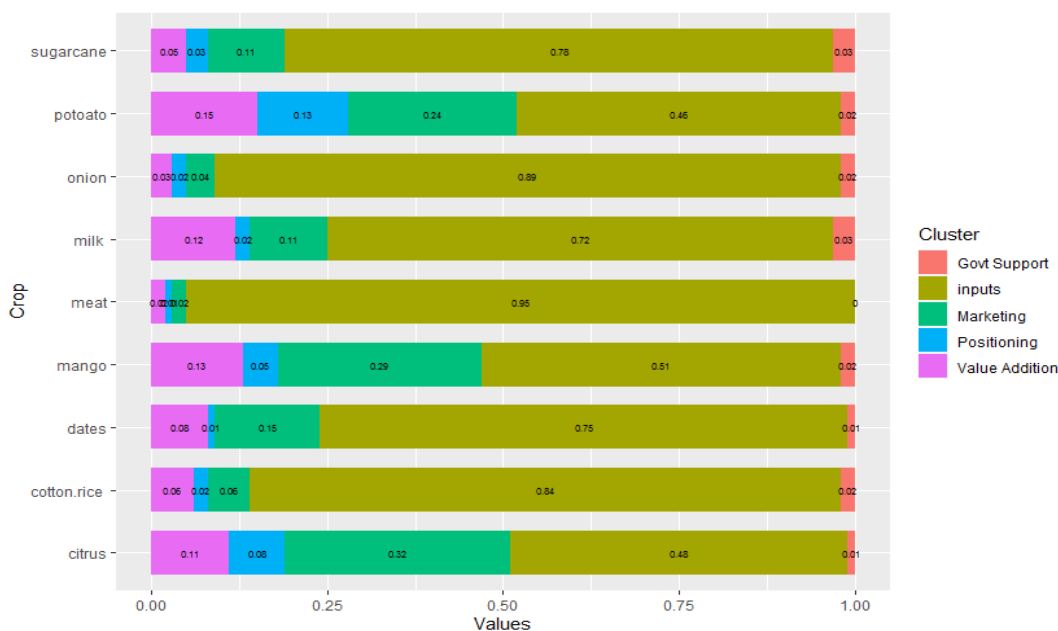


Figure 4.2: Sindh farmer's understanding of competitiveness

4.4 Stakeholder Responsiveness on Determinant Factors in Punjab

The six categories of respondents when asked about the most critical factor in determining the competitive advantage of the product in their view point. The responses gathered are produced as under. Besides government officials and policy

makers and exporters other have little or no understanding of market positioning and the power of marketing and they have no idea that they marketing interventions are necessary to maintain the competitive advantage. 74% of farmers think that input high cost is the main reason as shown in Figure 4.3 below.

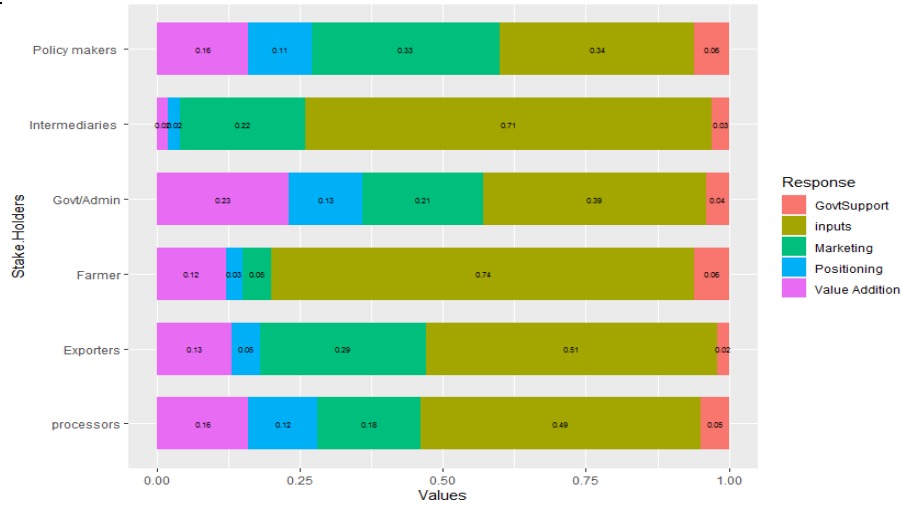


Figure 4.3: Punjab stakeholder's understanding of competitiveness

4.5 Stakeholder Responsiveness on Determinant Factors in Sindh

The six categories of respondents when asked about the most critical factor in determining the competitive advantage of the product in their view point. The responses gathered are produced as under. Besides government officials and policy makers and exporters other have little or no

understanding of market positioning and the power of marketing and they have no idea that they marketing interventions are necessary to maintain the competitive advantage. 87% of farmers think that input high cost is the main reason as shown in Figure 4.4 below. Processors and exporters of the Sindh are more market oriented.

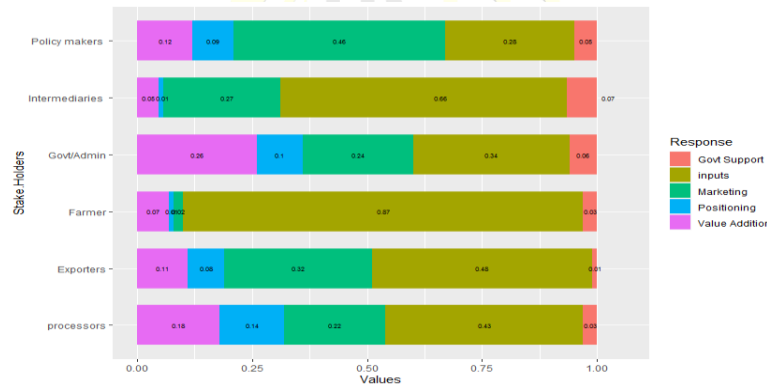


Figure 4.4: Sindh stakeholder's understanding of competitiveness

4.6 Farmers on Determinant Factors of Competitiveness

The farmers of Sindh and Punjab both provinces were asked about the critical factors that could possibly determine the competitiveness of the agricultural products. The result show that 74% of Punjab and 87% of Sindh farmers think escalating

prices of inputs as the major reason undermining the competitiveness. Punjab's farmers have a better understanding of positioning 3% than Sindh 1%. Similarly, the farmers of Punjab think that marketing and value addition are more concerned factors in shaping the competitiveness of the commodities as shown in Figure 4.5 below.

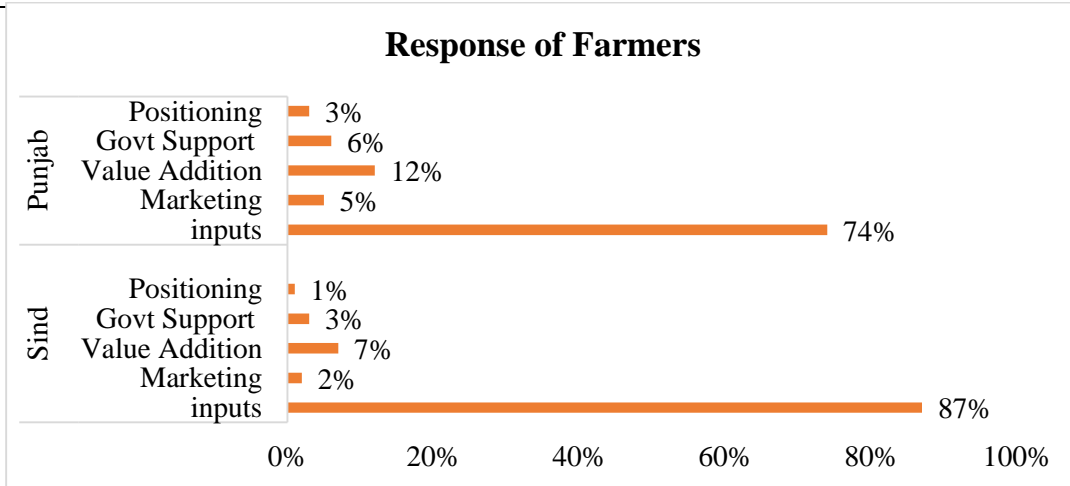


Figure 4.5 Critical factors shaping competitiveness for farmers

4.7 Intermediaries on Determinant Factors of Competitiveness

The Intermediaries of Sindh and Punjab both provinces were asked about the critical factors that could possibly determine the competitiveness of the agricultural products. The result show that 71% of Punjab and 66% of Sindh intermediaries think escalating prices of inputs as the major reason

undermining the competitiveness. Punjab’s intermediaries have a better understanding of positioning 2% than Sindh 1% as shown in Figure 4.6 below. Similarly, the Intermediaries of Sindh think that marketing and value addition are more concerned factors in shaping the competitiveness of the commodities.

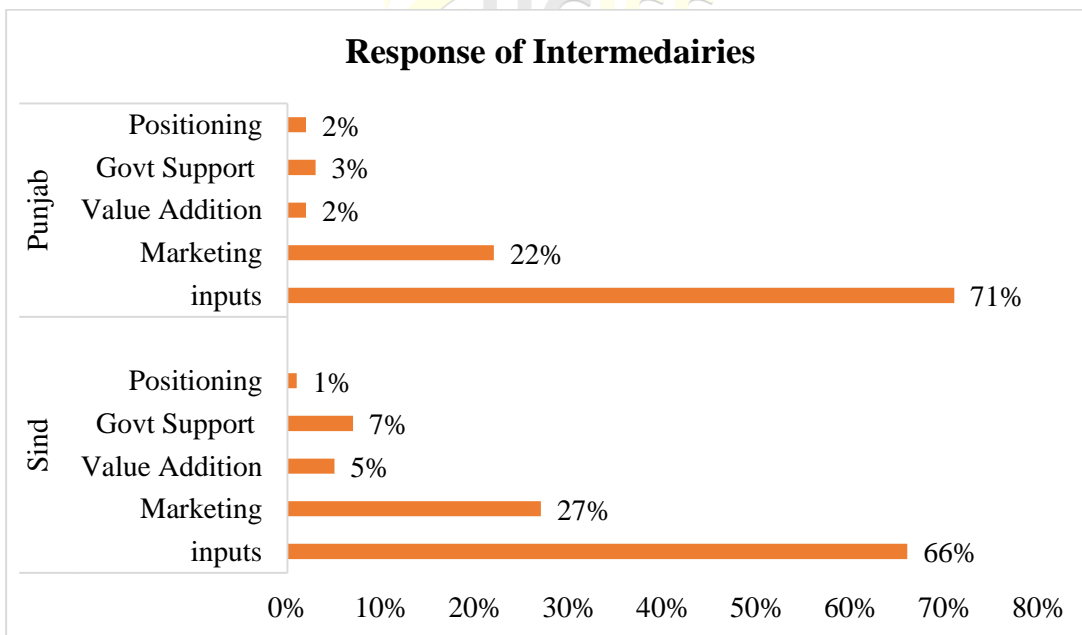


Figure 4.6 Critical factors shaping competitiveness for intermediaries

4.8 Exporters on Determinant Factors of Competitiveness

The exporters of Sindh and Punjab both provinces were asked about the critical factors that could possibly determine the competitiveness of the agricultural products. The result show that 51% of Punjab and 48% of Sindh exporters think escalating prices of inputs as the major reason undermining the competitiveness. Sindh exporters have a better understanding of positioning 8% than Punjab 5%. Similarly, the exporters of Sindh give more weight to the marketing and value addition

interventions. Exporters of both provinces are skeptical about the role of government and think that government is not playing its role in export enhancement and trade facilitation as evidenced by the result of 1& 2 % respectively as shown in Figure 4.7 below. Exporter’s capacity building and trade facilitation and preferential trade agreements can enhance the exports prospects of the country. The exporters further think that the diplomacy is failing in getting the trade agreements and new markets.

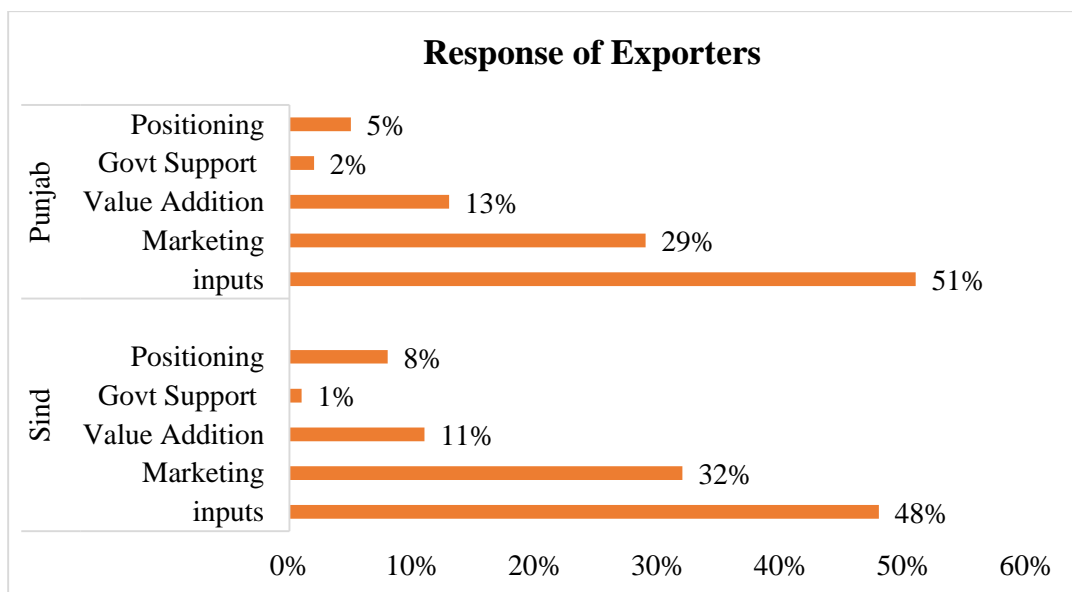


Figure 4.7 Critical factors shaping competitiveness for exporters

4.9 Processors on Determinant Factors of Competitiveness

The processors of Sindh and Punjab both provinces were asked about the critical factors that could possibly determine the competitiveness of the agricultural products. The result show that 49% of Punjab and 43% of Sindh processor think escalating prices of inputs as the major reason

undermining the competitiveness as shown in Figure 4.8 below. Sindh processor have a better understanding of positioning 12% than Punjab 14%. Similarly, the processors of Sindh think that marketing and value addition are more concerned factors in shaping the competitiveness of the commodities 16 & 18% respectively.

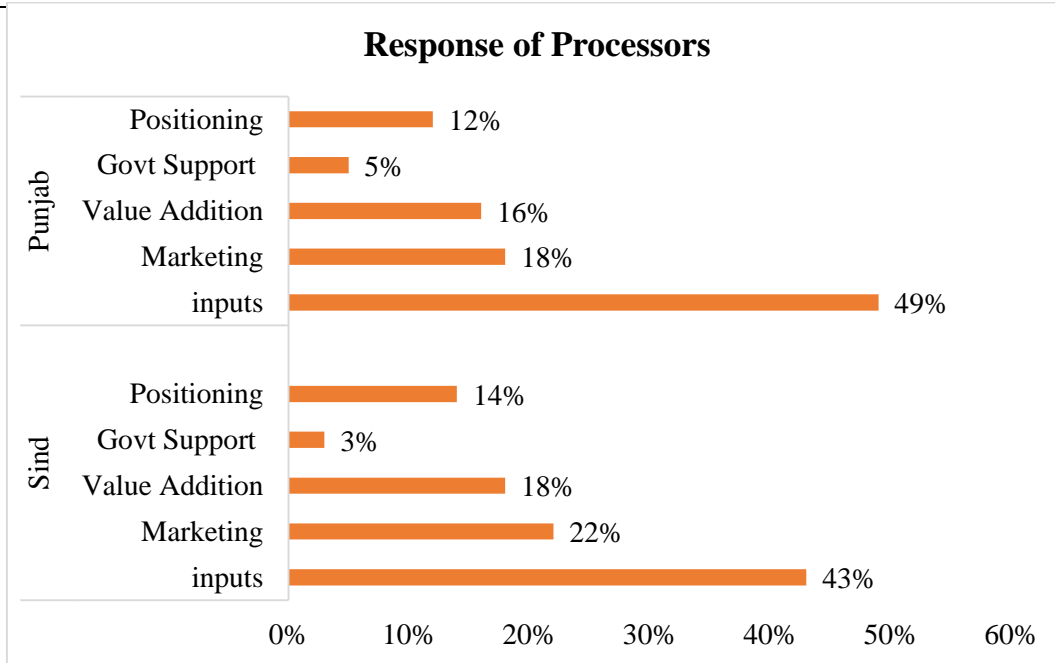


Figure 4.8 Critical factors shaping competitiveness for processors

4.10 Government officials on Determinant factors of Competitiveness

The government officials of Sindh and Punjab both provinces were asked about the critical factors that could possibly determine the competitiveness of the agricultural products. The result show that 39% of Punjab and 34% of Sindh think escalating prices of inputs as the major reason undermining the competitiveness. Punjab’s Government officials have a better understanding of positioning 13% than Sindh 10%. Similarly, the government officials of Punjab think that marketing and value

addition are more concerned factors in shaping the competitiveness of the commodities.

One interesting finding is that the government officials when asked about the role of government in execution of policies and enhancing the competitive outlook of the commodity responded that government support is not a critical factor in developing the products on the lines of marketing and demand of the international customers the result as shown by percentage is 4 & 6% respectively as shown in Figure 4.9 below.

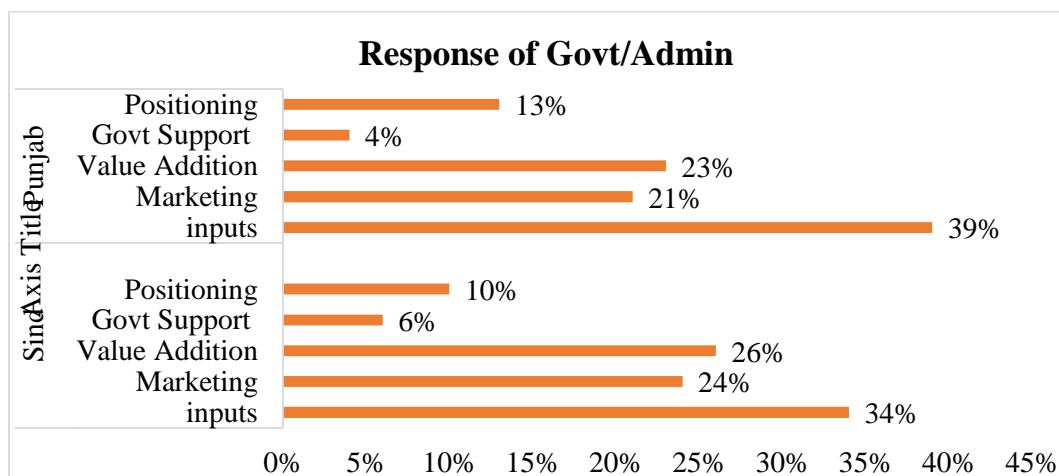


Figure 4.9 Critical factors shaping competitiveness for govt / administration

4.11 Policy Makers on Determinant Factors of Competitiveness

The Policymakers of Sindh and Punjab both provinces were asked about the critical factors that could possibly determine the competitiveness of the agricultural products. The result show that 34% of Punjab and 28% of Sindh think escalating prices of inputs as the major reason undermining the

competitiveness. Sindh’s policy makers have a better understanding of positioning 9%. Similarly, the policymakers of Sindh think that marketing and value addition are more concerned factors in shaping the competitiveness of the commodities 12 & 46% weightage is given as shown in Figure 4.10 below.

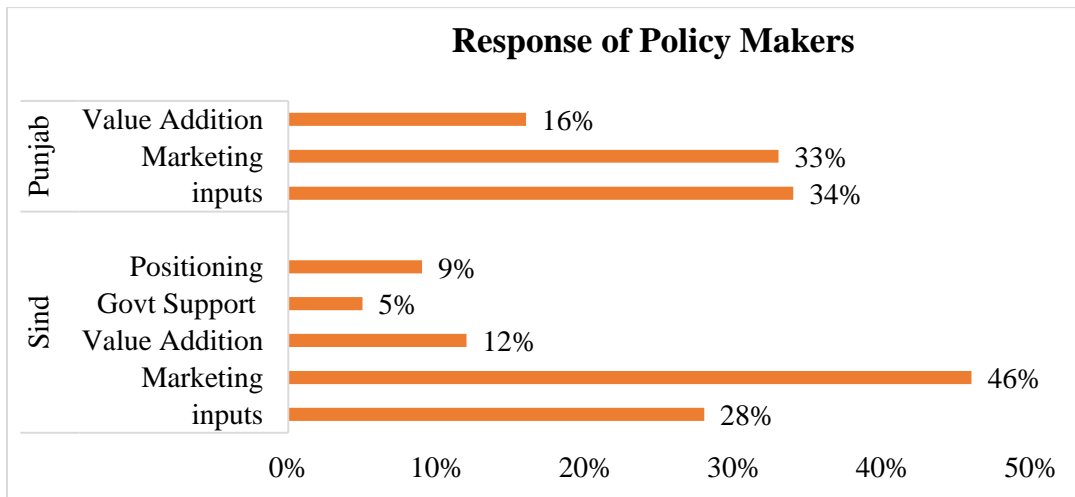


Figure 4.10 Critical factors shaping competitiveness for policy makers

4.12 Stakeholder’s Responsiveness on Export Promoting Factors

The respondents from all categories were asked about the factors promoting the export potential and competitive advantage of agricultural products in their perspective. The responses were collected and found that quality of agricultural produce besides the colour, taste, aroma and physical features of the agricultural products come up as the

main contributor in enhancing the appeal and ability of the produce to perform better in the marketplace. The variety of the responses were scanned and the results are produced below in the Figure 4.11 Quality of the agricultural produce is considered as the single most influential factor in promoting the exports of agricultural produce from Pakistan besides physical attributes and low prices as significant contributing factors.

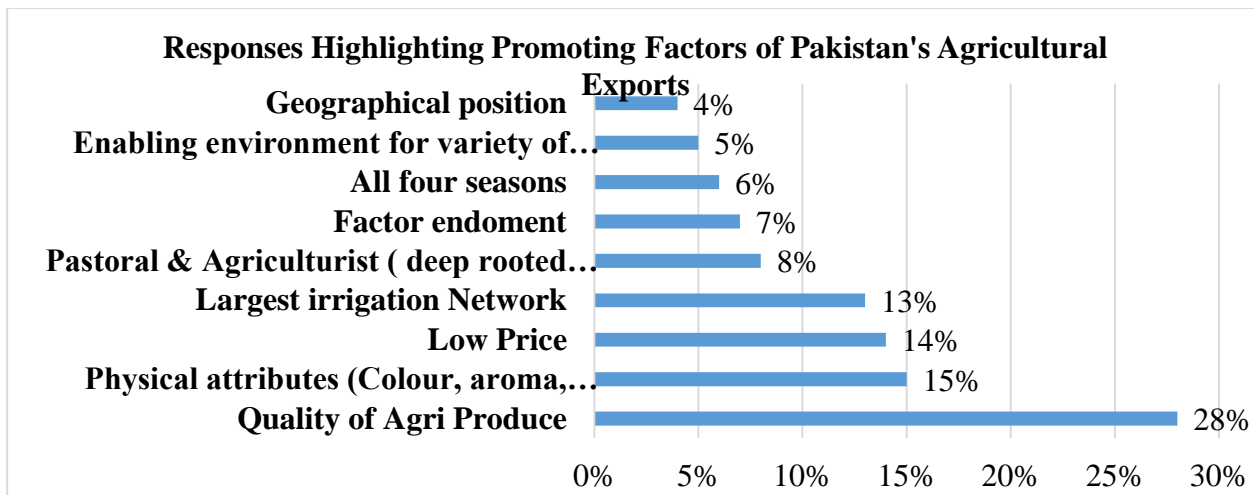


Figure 4.11 Export promoting factors

4.13 Export Limiting Factors and Policy Implications

The responses of all the respondents from Punjab and Sindh regarding the critical factors limiting the exports are formulated in tabular form as shown in Table 4.18 below along with the key finding and

policy lesson inferred thereof. The high cost of production and expensive mechanization or technology induction turned up to the most important factor besides other. The results and discussion about the limiting factor is summarized in the Table 4.1 below.

Table 4.1 Factors hampering export competitiveness of agricultural commodities

Export Limiting Factors	Key Findings	Policy Lessons
Inputs	62% High cost of production, energy and fertilizer escalating prices, Adulterated and high-priced pesticides, unaffordable mechanization.	<ul style="list-style-type: none"> • Revisiting Structural impediments • Targeted Incentive Schemes • Governness
Marketing	19% Price fluctuation, Malpractices in local market, Poor marketing practices, Chain of intermediaries, Access to market information is low, less marketable surplus.	<ul style="list-style-type: none"> • Agri-Marketing anagement • AMIS • Marketing Intelligence • Capacity Building
Value Addition	9% Grading, Sorting, improved packaging, labelling, extracting, Drying, semi processed products and high-end products.	<ul style="list-style-type: none"> • Capacity Building through training • Private Sector Development • Diversification of Products
Govt. Support	7% Harnessing Trade Agreements, SPSS standard Labs missing & Enabling environment, Diplomatic ties with EU & other potential Markets, Lack of patronage in Innovation, protection and marketing, High taxes on Industrial Supplies, Poor governness and political instability, Fluctuating Exchange Rate, Lack of R&D and its Marketing Spillover, Ease of Doing Business, in calculated wrongly targeted incentive schemes.	<ul style="list-style-type: none"> • Coordinated Policy for growing export Provision of trade related amenities Engaging Foreign offices and trade attachés • Phasing out trade barriers Trade promoting incentives for marginalized sectors
Positioning	1% Product concentration in saturated markets, Price positioning only, Lack of awareness at all levels, Diversification and innovation in product is missing, Not selling our taste, aroma and uniqueness of products, Marketing extension services inexistent.	<ul style="list-style-type: none"> • Awareness of Power of Marketing Research & Development in Positioning strategies • Institutional support • Inciting FDI in this area • Capacity Building of all stake holders

4.14 DETERMINANTS OF COMPETITIVENESS PROVINCIAL ANALYSIS

The results pertaining to the critical factors responsible for either promoting or limiting the export of agricultural commodities has been organized on provincial level. The overall outlook of marketing and positioning is better understood in the Sindh province than Punjab. It is a surprising

result. The reason is exporter’s concentration in Sindh and better market orientation of the businesses in Sindh as compared to Punjab. Provincial results are produced in detail in the Table 4.2 below.

Table 4.2 Provincial outlook of determinant factors of competitiveness

Respondents	Province	Determinants of Competitiveness					Policy Lessons
		Positioning	Govt. Support	Value Addition	Marketing	Inputs	
Farmer	Punjab	3%	6%	12%	5%	74%	✓ Targeted incentive schemes
	Sindh	1%	3%	7%	2%	87%	
Intermediaries	Punjab	2%	3%	2%	22%	71%	✓ Regularization, market intelligence
	Sindh	1%	7%	5%	27%	66%	
Processors	Punjab	12%	5%	16%	18%	48%	✓ Capacity building, diversification
	Sindh	14%	3%	18%	22%	43%	
Govt/Admin	Punjab	13%	4%	23%	21%	39%	✓ Phasing out marketing barriers
	Sindh	10%	6%	26%	24%	34%	
Exporters	Punjab	5%	2%	13%	29%	51%	✓ Support marginalized sectors, import subsidy
	Sindh	8%	1%	11%	32%	48%	
Policy Makers	Punjab	11%	6%	16%	33%	34%	✓ Coordinated & inclusive export policy
	Sindh	9%	5%	12%	46%	28%	

4.15 POLICY ALTERNATIVES FOR ENHANCING EXPORTS

The stakeholders were asked open-ended question about the policy options for enhancing the export potential and increasing the positioning and competitive advantage of the agricultural commodities. The collective responses are grouped as under shown in the Figure 4.12 Exploring new market 16%, targeted incentive schemes 12%, removing the structural impediments as most dominant factor 18% and product diversification 12% were the responses of the stakeholders. The

reshaping of the marketing and production lines in the face of changing market dynamics is an uphill task and take a long course and involves removing lot of structural impediments. Besides Diplomatic channels needs to be engaged in creating conducive environment for new market exploration and promotion of the products in segmented and targeted customers groups. Tariff rates are also highest in the region and must be revised in best interests of exporters. Public private partnership promises trade enhancement as evidenced by many recent studies.

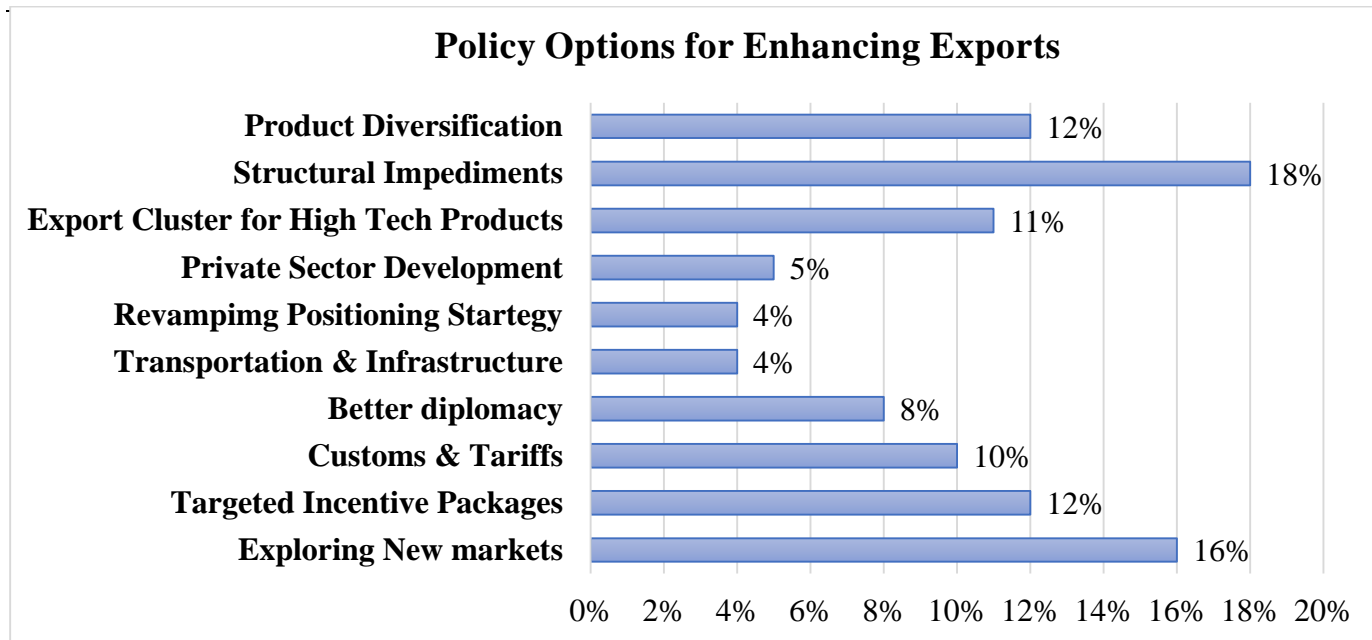


Figure 4.12: Policy option for export promotion

CONCLUSION

The research at hand was designed to investigate the understanding of different stakeholders involved in the agricultural trade of different groups of agricultural products. The results revealed that across all the categories of the agricultural crops the understanding pertaining to value addition, marketing and positioning of the commodities is either missing or very poor. All groups of respondents claimed rising prices of inputs and indifferent attitude of government as the single largest factor affecting the competitiveness of the agricultural commodities. The study suggested that exploring new markets with better positional and marketing strategies involving public private partnership and revised diplomacy can open new vistas for agricultural growth and trade in international markets. Domestically incentives on inputs and public sector involvement in revamping the agricultural marketing system is the need of time. Future research can envisage sectoral analysis and empirical testing of the determinants of competitiveness.

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Imran Ahmad: Writing Original Draft, Methodology, Literature Reviewing & Editing data Analysis & Interpretations.

Abdul Saboor: Supervision and Conceptualization.

Safdar Hussain: Revising the Draft & Editing

Fayyaz ul Hassan: Revising the Draft & Editing

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